

**To:** City Council

**From:** IGR Staff

**Date:** April 11, 2013

**Re:** Legislative Update

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## **Overview**

The finance committees and tax committees are in the process of developing their omnibus budget bills. In the House the Property Tax Division: Environment, Agriculture and Natural Resources Finance Committee; Jobs and Economic Development Committee, Housing Finance Committee and the Commerce Committee have adopted omnibus finance bills. In the Senate the Judiciary Committee has completed its omnibus finance bill while several committees should complete work next week.

The Governor has released his bonding request while the House Capital Investment Committee released its bill on Tuesday and will have a mark-up session on Thursday. The Senate has not scheduled a date to release its bill.

The Senate tax reform bill will be released today. The House tax bill and the Senate tax bill should be available within the next two weeks.

## **Committee Actions**

House Environment. The committee's omnibus finance bill includes funding for the Department of Natural Resources, the Pollution Control Agency and the Department of Agriculture. In addition to funding the bill it increases water appropriation permit fees for users including cities. The fees are intended to fund water programs (ground and surface) such as monitoring wells and analysis of ground and surface water quality and capacity. The bill also includes product stewardship programs for carpet products, architectural paint and primary batteries.

Transportation Finance. It was anticipated that transit and roads and bridges would receive additional funding from increases in the gas tax and metro transit sales tax. The Senate Transportation Finance bill discussed in the Transportation Finance Committee on Wednesday did not include any new revenue. The bill was debated and tabled. In the House, the Transportation Finance Committee rescheduled its Thursday meeting for Friday morning. The committee is slated to discuss its omnibus transportation finance bill. The mark-up session is scheduled for next week. It is not known if new revenue will be part of the bill.

House Jobs and Economic Development. The House bill includes an additional \$1.3 million for summer youth employment programs and additional appropriations for the Jobs Skills Partnership program.

House Bonding. The bill provides \$7.0 million for the Sculpture Garden and \$50.0 million for transit way. Among the 11 identified transit ways is Nicollet Avenue. The funds would be appropriated to the Metropolitan Council. No individual projects in the transit way section are identified for funding.

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Government Operations. The House and Senate bills appropriate funds for state departments and boards as well as several pension programs. Both bills include \$24.0 million each year of the biennium for MERF. The Senate bill proposes to increase salaries for state department and agency directors that would be either 125% or 133% of the Governor's salary. The bill divides job titles into two groups with the more senior level titles having the higher maximum. The House bill provides for an appropriation process which allows the prior year's appropriation to continue after July 1 of the next biennium if there is no budget agreement. The bill includes exceptions such as one time appropriations and less than a full biennial appropriation to the extended appropriation.

More detailed updates will be prepared for the House housing and environment committee as well as the Senate tax reform division report.